



General Assembly

January Session, 2017

Amendment

LCO No. 8706



Offered by:

REP. GRESKO, 121st Dist.

REP. REED, 102nd Dist.

To: House Bill No. 6304

File No. 450

Cal. No. 311

"AN ACT REQUIRING A STUDY OF THE VIABILITY OF NEW DISTRICT HEATING NETWORKS IN THE STATE."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective from passage*) (a) For purposes of this
4 section:

5 (1) "Authority" means the Public Utilities Regulatory Authority;

6 (2) "Owner of the generating unit" means the owner of a combined
7 heat and power system, as defined in section 16-1 of the general
8 statutes;

9 (3) "Thermal energy transportation company" has the same meaning
10 as provided in section 16-1 of the general statutes;

11 (4) "Thermal energy supply agreement" means an agreement
12 between the owner of the generating unit and a thermal energy
13 transportation company, either directly or through a parent company

14 or a subsidiary or affiliate of such company, for the delivery of the
15 thermal energy generated by a generating unit; and

16 (5) "Thermal service supply agreement" means an agreement
17 between a thermal energy transportation company and a thermal
18 energy customer.

19 (b) For purposes of this section, the electric distribution company
20 that serves the city of Bridgeport shall be the owner of the generating
21 unit and a thermal energy transportation company that is authorized
22 to provide thermal energy in the city of Bridgeport shall be the thermal
23 energy transportation company. The owner of the generating unit may
24 build, own, operate and maintain a combined heat and power system
25 in the city of Bridgeport that has a nameplate capacity rating of not
26 more than ten megawatts. Such system may include fuel cells.

27 (c) If the owner of the generating unit decides to build, own, operate
28 and maintain a combined heat and power system pursuant to
29 subsection (b) of this section, such owner of the generating unit shall:
30 (1) Conduct a competitive bidding process to procure such system
31 from a manufacturer, provided such system shall be in a configuration
32 compatible for use with a district heating system, as defined in section
33 16-258d of the general statutes, and shall be installed at a location that
34 will maximize the efficient use of the thermal energy from such system
35 by the thermal energy transportation company; (2) on or before
36 September 1, 2017, submit a proposal to build such system to the
37 Public Utilities Regulatory Authority for approval; (3) prior to
38 commencing construction of the system, enter into a thermal energy
39 supply agreement with the thermal energy transportation company,
40 either directly or through such thermal energy transportation
41 company's parent company or a subsidiary or affiliate of such
42 company; (4) install and operate a metering system for such system;
43 and (5) ensure that the combined heat and power system achieves
44 commercial operation not later than sixteen months after it enters into
45 the agreement pursuant to subdivision (3) of this subsection.

46 (d) The Public Utilities Regulatory Authority shall evaluate any
47 proposal received pursuant to subdivision (2) of subsection (c) of this
48 section. The authority shall approve a proposal if it finds that (1) the
49 generating unit complies with the requirements of this section, and (2)
50 such unit serves the long-term interest of ratepayers. The authority
51 shall find that such unit serves the long-term interest of ratepayers if
52 such unit's capital cost to ratepayers, as determined by the results of
53 the competitive bidding process, does not exceed the capital cost to
54 ratepayers of the fuel cell projects of the electric distribution company
55 that serves the city of Bridgeport that were approved by the authority
56 pursuant to section 16-244v of the general statutes. The authority shall
57 not approve any unit supported in any form of cross subsidization by
58 entities affiliated with the owner of the generating unit. Any approval
59 given pursuant to this section shall be deemed rescinded two years
60 after the date of such approval if no agreement is entered into
61 pursuant to subdivision (3) of subsection (c) of this section.

62 (e) The owner of the generating unit shall not recover more than the
63 full costs of the combined heat and power system, as approved by the
64 authority. Nothing in this section shall preclude the sale or other
65 disposition of electricity by the owner of the generating unit from the
66 combined heat and power system, provided the owner of the
67 generating unit shall net the cost of payments against the proceeds of
68 the sale of electricity and the difference shall be credited or charged to
69 such owner of the generating unit's distribution customers. Such cost
70 calculation shall take into account the investment, depreciable life,
71 property taxes including any abatements or exemptions, operation and
72 maintenance costs and debt and equity return on investment as
73 determined by the authority. Such net cost or net revenue shall be
74 credited or charged to distribution customers through a nonbypassable
75 federally mandated congestion charge, as defined in section 16-1 of the
76 general statutes, as determined by the authority.

77 (f) The owner of the generating unit shall deliver to the thermal
78 energy transportation company, either directly or through such
79 thermal energy transportation company's parent company or a

80 subsidiary or affiliate of such company, at no cost to such thermal
81 energy transportation company: (1) The total thermal energy generated
82 by the unit, (2) all capacity payments received for such unit, (3) any
83 environmental attributes including, but not limited to, renewable
84 energy credits associated with the electricity generated by such unit,
85 and (4) all other attributes associated with the electricity generated by
86 such unit.

87 (g) The thermal energy transportation company shall, with the
88 assistance of the owner of the generating unit, (1) register the
89 combined heat and power system with the authority as a renewable
90 energy source, (2) register any renewable energy credits in the New
91 England Power Pool Generation Information System, and (3) certify
92 the amount of renewable energy credits generated by the combined
93 heat and power system based on the metering system installed and
94 operated by the owner of the generating unit.

95 (h) Any thermal service supply agreement between the thermal
96 energy transportation company or its parent company or a subsidiary
97 or affiliate of such company and a customer shall contain commercial
98 and economic provisions sufficient to meet the thermal energy needs
99 of such customer as mutually agreed to by the parties.

100 (i) Any municipality may, by vote of its legislative body, abate all or
101 a portion of the property tax for a property on which a generating unit
102 is constructed pursuant to this section.

103 (j) One year after any generation unit pursuant to this section
104 becomes operational, and every two years thereafter, the commissioner
105 shall request from the thermal energy transportation company any
106 data or information the commissioner determines is necessary to write
107 a report, in accordance with the provisions of chapter 14 of the general
108 statutes, regarding the viability of new district heating networks in the
109 state. The thermal energy transportation company shall provide all
110 requested information to the commissioner not later than thirty days
111 after the commissioner requests such information. Not later than sixty

112 days after receiving such information from the thermal energy
113 transportation company, the commissioner, in accordance with section
114 11-4a of the general statutes, shall provide such report to the joint
115 standing committee of the General Assembly having cognizance of
116 matters relating to energy.

117 Sec. 2. Subsection (a) of section 16a-3d of the general statutes is
118 repealed and the following is substituted in lieu thereof (*Effective*
119 *October 1, 2017*):

120 (a) On or before October 1, 2016, and every three years thereafter,
121 the Commissioner of Energy and Environmental Protection shall
122 prepare a Comprehensive Energy Strategy. Said strategy shall reflect
123 the legislative findings and policy stated in section 16a-35k and shall
124 incorporate (1) an assessment and plan for all energy needs in the
125 state, including, but not limited to, electricity, heating, cooling, and
126 transportation, (2) the findings of the Integrated Resources Plan, (3) the
127 findings of the plan for energy efficiency adopted pursuant to section
128 16-245m, (4) the findings of the plan for renewable energy adopted
129 pursuant to section 16-245n, and (5) the Energy Assurance Plan
130 developed for the state of Connecticut pursuant to the American
131 Recovery and Reinvestment Act of 2009, P.L. 111-5, or any successor
132 Energy Assurance Plan developed within a reasonable time prior to
133 the preparation of any Comprehensive Energy Strategy. Said strategy
134 shall further include, but not be limited to, (A) an assessment of
135 current energy supplies, demand and costs, (B) identification and
136 evaluation of the factors likely to affect future energy supplies,
137 demand and costs, (C) a statement of progress made toward achieving
138 the goals and milestones set in the preceding Comprehensive Energy
139 Strategy, (D) a statement of energy policies and long-range energy
140 planning objectives and strategies appropriate to achieve, among other
141 things, a sound economy, the least-cost mix of energy supply sources
142 and measures that reduce demand for energy, giving due regard to
143 such factors as consumer price impacts, security and diversity of fuel
144 supplies and energy generating methods, protection of public health
145 and safety, environmental goals and standards, conservation of energy

146 and energy resources and the ability of the state to compete
 147 economically, (E) recommendations for administrative and legislative
 148 actions to implement such policies, objectives and strategies, (F) an
 149 assessment of the potential costs savings and benefits to ratepayers,
 150 including, but not limited to, carbon dioxide emissions reductions or
 151 voluntary joint ventures to repower some or all of the state's coal-fired
 152 and oil-fired generation facilities built before 1990, [and] (G) the
 153 benefits, costs, obstacles and solutions related to the expansion and use
 154 and availability of natural gas in Connecticut, and (H) beginning with
 155 the strategy to be prepared on or before October 1, 2019, and strategies
 156 prepared thereafter, a study of the viability of new district heating
 157 networks in the state including, but not limited to, recommendations
 158 for financing such district heating networks. If the department finds
 159 that [such] expansion of the use of natural gas is in the public interest,
 160 it shall develop a plan to increase the use and availability of natural
 161 gas."

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
Sec. 2	<i>October 1, 2017</i>	16a-3d(a)